

# Mich. Senate agrees: State revenues to be at least \$1B less than expected

By Paul Egan

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LANSING — State tax revenues are expected to come in \$1.1 billion lower than forecast over the next three fiscal years, the Senate Fiscal Agency said in a report released Wednesday.

It's the second fiscal agency report in as many days to project a significant drop-off in state tax revenues from what was agreed to at a consensus revenue-estimating conference at the Capitol just four months ago.

The revised numbers could have implications for the 2014-15 budget — which begins Oct. 1 — lawmakers are working to finalize, as they leave the state with much less surplus cash on hand than the close to \$1 billion estimated in January. If confirmed, the reduced revenues could affect ongoing debates

on extra money for crumbling state roads and appropriating \$195 million to help settle the Detroit bankruptcy case, despite the fact the Detroit money is expected to come from the Rainy Day Fund and tobacco settlement funds, not the state surplus.

Gov. Rick Snyder acknowledged to reporters Wednesday there will be a reduction of revenues into the state, but said "our economy remains strong," and "we'll just have to address the reductions through the budget process."

He attributed the revenue reductions, in part, to federal tax changes.

The Senate Fiscal Agency report is slightly less gloomy than Tuesday's report from the House Fiscal Agency, which projected a nearly-\$1.3 billion drop-off in combined general fund and School Aid Fund revenues over the same three-

year period.

The Senate Fiscal Agency report revises downward those combined revenue estimates by \$288 million for the current 2013-14 fiscal year, by \$378 million for 2014-15, and by \$466 million for 2015-16.

The House Fiscal Agency's downward projections for those same three years were \$422 million, \$451 million, and \$397 million, respectively.

Overall, the downward projections are a relatively small portion of all state revenues that total more than \$20 billion a year.

The two fiscal agency reports, plus a report from the Treasury Department that will be released today, and will be considered by officials at today's twice-yearly meeting intended to reach a consensus on how much tax revenue the state can expect over the next few years.

Both reports released so far project economic growth and growing tax revenues, but less than what was forecast previously. They signal that state lawmakers who believed they had a multiyear surplus of close to \$1 billion will in fact have much less extra cash to work with as they finalize the 2014-15 budget and look ahead to 2015-16.

"Compared with the Jan. 10, 2014, Consensus Economic Forecast, both the U.S. and Michigan forecasts are slightly weaker for all forecast years," the Senate Fiscal Agency report says.

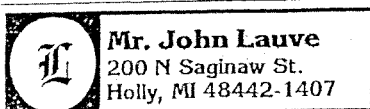
"Weak employment growth, weak income growth, and slowdowns in overseas economies will temper the pace of the U.S. and Michigan recoveries during the forecast period."

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DETROIT —The rip-off continues under State emergency manager Orr.

1. Ilitch hockey rink takes \$1/3 billion from the State Education Fund.  
The City and State also pays to demolish the Joe/Cobo Hall Arena.  
The City cut the Ilitch rent by 85%. (\$3 m to \$0.5 m) Bankrupt?  
*No PLAN made public*

2. Penske M-1 Trolley takes \$68 m from public financing:  
Detroit City - \$19 m  
MDOT - \$40 m  
Medical - \$9 m — Blue Cross, Ford Hospital, DMC  
WSUniv. - \$3 m  
This creates a 3<sup>rd</sup> transport system on Woodward artery.



24 April 2014

248-820-2434

Save Detroit (T) Michigan

Pre conditions for \$200M state #

- 1) Cancel Ilitch hockey deals
  - Since City gave it away with little or NO Revenue
  - Turn over to state
- 2) \$ Cancel \$1 Land transfers  
allow the state to bid + recover
- 3) Trolley M-1 Cancel
  - saves M DOT \$40M
  - city \$19M
  - Re use  $\frac{1}{2}$  of funds for pensions
  - Make better transit sys for ALL of Detroit

This will off set the  
State Gift

+ make a better Bargain  
for ALL of Michigan

Stop Stupid\* Tough Love

John LAUVE

May 15, 2014